

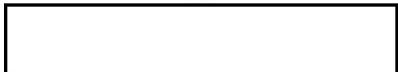
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1 May 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

DIA and DOS review(s) completed.

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EASTERN EUROPE

25X1 3. [redacted] disaffection in Albanian Government:
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corruption and disaffection have increased in the Albanian state apparatus and that many secondary Communist officials in the districts have been arrested for economic sabotage or disaffection during the past few months. Nine officials were said to have been arrested following the discovery of a subversive net established by Communist Party members in the Shkoder area of northern Albania.

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Comment: A continuing purge of the Albanian Communist Party has been carried out since early in 1951. The appointment of a former Hungarian civil police official as the new Hungarian Minister to Tirana may be an indication that the Albanian police will be reorganized, emphasizing reliability and loyalty to the Hoxha regime and efficiency in performing duties.

4. Soviet twin-jet light bombers sighted in Hungary: The American Air Attaché in Budapest observed five twin-jet light bombers with Soviet markings at Tokol airfield on 27 April. Three of the aircraft were operational types and the remaining two were trainers.

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Comment: No light jet bombers have previously been identified in units of the 59th Air Army, based in Austria and Hungary.

The recent drop in conventional bomber strength from 43 to 26, and the observations within the past two weeks of PE-2 crates and fuselages in the parking area of Tokol, suggest the replacement of the obsolescent PE-2 with high performance bomber aircraft.

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FAR EAST

5. Korea rejects proposal for Japanese mission: The Republic of Korea has rejected Japan's proposal that it establish a government agency with consular privileges in Korea pending the conclusion of a treaty and the restoration of normal relations, and that the Korean mission in Tokyo assume a similar status. The refusal was based on alleged anti-Japanese feeling in Korea. Consequently, Japan has agreed informally not to seek establishment of a mission there "for the time being." [redacted]

Comment: With the 28 April expiration of SCAP, to which the Korean mission was accredited, the latter's legal status became unclear. The South Korean Government refused to establish diplomatic relations until Japan relinquishes its claims for property in Korea. This issue has deadlocked the Japan-ROK talks.

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8. Chinese Nationalist troops in Burma reported on the move: Chinese Nationalist troops in Kengtung, according to the Burmese press, are withdrawing from the China border and from around the town of Kengtung in order to avoid contact with Chinese Communist or Burmese Government troops. Although these reports give the impression that there are large numbers of Burmese troops in the area, the American Army Attaché in Rangoon has been reliably informed that there are only 300 regular troops and a few recruits in all of Kengtung State.

The American Embassy comments that these Nationalist movements may be for the purpose of consolidating their supply lines into Thailand and to avoid unfavorable publicity arising out of skirmishes with either the Burmese or Chinese Communists.

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Comment: Although the Nationalists have dominated large parts of Kengtung and the Wa States, their policy has apparently been to refrain from engaging Burmese troops in combat despite overwhelming personnel and materiel superiority.

9. Indonesia proposes lifting embargo on rubber to China: The Indonesian Government has prepared for circulation at the Ottawa Rubber Conference in May a memorandum recommending termination of the embargo on rubber to China. The United States is criticized for not absorbing the rubber surplus resulting from the embargo, and its "price depressing policies" are blamed for aggravating growing economic difficulties in

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Indonesia. These difficulties are repeatedly linked with the problem of maintaining law and order.

25X1 In conclusion, the memorandum asks why Indonesia should not be "free to sell rubber to any country which is prepared to buy it." [redacted]

Comment: The Rubber Study Group, which is holding the meeting in Ottawa, is not a policy-making body and is without power to act on Indonesia's recommendations. The Indonesian argument, however, is the first official admission of an intent to break the embargo, and it is further evidence of the new government's determination to return to a strictly "neutralist" foreign policy.

NEAR EAST - AFRICA

10. Iranian religious leader threatens anti-American campaign if aid is withheld: Mullah Kashani, influential Iranian religious leader and supporter of Prime Minister Mossadeq, threatened on 25 April to start an extensive anti-American campaign throughout Asia if the United States did not immediately give Iran substantial financial and economic aid.

Kashani claimed that the United States was backing France and Britain against Iran and was being exploited by these nations. He insisted that unless Iran received United States aid, it would have to turn to the Soviet Union. He made these threats in the course of a lengthy conversation which he had requested with the American Ambassador. [redacted]

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Comment: Kashani's remarks appear to be part of the government's effort to stimulate American aid by arousing United States alarm. The government itself, however, is unlikely to initiate an anti-American campaign as long as it has hopes of procuring financial assistance from the United States.

Iranian officials are currently promoting the belief that the recent exchange of notes on American military aid foreshadows increased United States aid of all kinds.

11. Anti-Papagos campaign increased in Greece: Members of the Greek Government claim that the recent newspaper publication

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of a top secret army memorandum indicates the continued existence of a pro-Papagos clique in the army, and they insist that these elements must be eliminated before a coup d'etat occurs. The unauthorized publication of the document is widely ascribed to a Papagos supporter, General Nikolopoulos, Chief of Central Intelligence.

The American Ambassador adds that the anti-Nikolopoulos campaign is "apparently supported by the British," who resent his close cooperation with American representatives in Athens. The Embassy believes Nikolopoulos' absolute denial that he is responsible for the leak. [redacted]

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Comment: This allegation is part of the government's recently intensified campaign to reduce opposition leader Papagos' influence. Earlier Palace-inspired efforts to oust high level pro-Papagos officers, including Nikolopoulos, were suspended in mid-winter after American officials expressed concern. It appears that anti-Papagos army leaders have not abandoned their intention to continue the purge, despite assertions to the contrary.

12. Syrian officers on observation tour of Yugoslavia: Nine Syrian Army officers left Damascus by air for Belgrade on 29 April. According to the American Minister, the Yugoslav Government invited the officers in order to counteract propaganda stating that the Tito regime is mistreating Moslems.

The American Minister believes that the chief reason for Syrian interest in the tour is to observe "Yugoslav military training tactics and resourcefulness in obtaining foreign aid." [redacted]

Comment: Although recent reports have referred to Yugoslav and Albanian interest in Syria and Lebanon, there is nothing to link these to this unexpected Syrian mission to Belgrade. Yugoslavia has shown particular sensitivity to any criticism of its Moslem minorities and it has constantly sought Arab as well as Moslem support in the UN.

Syria's dominant political figure, Army Chief of Staff Shishakli, has been trying for some time to obtain extensive foreign military assistance and is reportedly ready to accept help from almost any source. Syria has received small amounts of arms in the past year from France and from private companies in Italy.

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13. Nationalist-Communist riots break out in Algeria: Nationalist-Communist demonstrations, called to protest the trial of four leaders on 28 April, broke up in clashes with the Algerian police. Among those injured was an American citizen.

Further incidents are expected on 1 May. [redacted]

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Comment: The tension in Tunisia and Morocco has been reflected to a lesser extent in Algeria. The recent arrest of Messali Hadj, leader of the extreme nationalist group, probably has aroused the fanaticism of his followers.

Although a Communist-nationalist front was organized in Algeria last August, interparty strife has so far kept the group from being an effective resistance movement.

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WESTERN EUROPE

14. Soviet Union returns plants to East Germany: While the Soviet move to return sixty-six Soviet-owned corporations, including vital industries, to the East German Government is probably designed as another bid for German support of its peace treaty proposal, the Sovietization of the East German economy is not retarded. The plants are not being returned to private ownership, and the "paper" transfer will not lessen Soviet control of the industries nor affect the eastward flow of goods. The East German economy will continue to be an integral part of the Council of Mutual Economic Assistance which, under Moscow direction, coordinates the economies of the Satellite nations.

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15. French Communist Party claims progress in press campaign for funds: The French Communist Party's central press organ, L'Humanite, has announced the collection of 60 million francs toward the 200-million-franc goal of the current campaign to alleviate the heavy deficits of the Communist press. As proof of confidence in the campaign's success, L'Humanite has been enlarged from six to eight pages.

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Comment: Restrictive government legislation and diminishing circulation necessitated this drive, which was launched in February.

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17. Italian Communists see propaganda victory in Jesuit's defection: The Italian Communist Party hopes to benefit considerably from the defection to Communism of the Italian Jesuit, Alighieri Tondi, who was a member of the Gregorian College, the most important Jesuit educational institution in Rome. The party now expects to reach audiences not ordinarily susceptible to Communist propaganda and to deal the Church a ringing blow.

25X1 The Church and the Christian Democratic Party are disturbed by Tondi's defection. Both have questioned his mental stability. Monarchist and neo-fascist sources have called him an "agent provocateur." [redacted]

Comment: Tondi's defection is a propaganda coup of some significance for the Communists. The timing, just prior to the municipal elections in the normally devout Catholic south, suggests that Tondi is actually a Communist agent. Nevertheless, there are a few priests, particularly in workers' communities, who are reportedly sympathetic toward Communism.

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LATIN AMERICA

19. Uruguayan Government may be "endangered" by dissension over foreign policy: The "fierce" struggle over foreign policy may drive a permanent wedge between the Colorado factions and the minority Herreristas, and "endanger the colegiado government," according to Dominguez Campora, chief Uruguayan delegate

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in the negotiations with the US for a bilateral pact under the Mutual Security Act. Dominguez says that the issue covers all foreign policy.

Herreristas have attacked United States policy in Korea and lauded the North Koreans. Dominguez now has asked US Assistant Secretary of State Miller to make certain that nothing is said at the warship transfer ceremony on 3 May that might cause repercussions in Uruguay. [redacted]

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Comment: The foreign minister who resigned last month indicated that there is "deep dissension in the government." Also, changes proposed by Dominguez in MSA conversations have reflected concern over rising opposition from the nationalist minority party, which is taking an increasingly forceful position on international issues.

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NEAR EAST - AFRICA

1. Mossadeq urges American purchase of Iranian oil: Prime Minister Mossadeq sent an urgent message to Ambassador Henderson on 27 April asking him to recommend that the United States permit an American firm to buy oil stored at Abadan. His emissary suggested that the purchase might induce Britain to change its attitude on the oil settlement. He inquired if an intensive Iranian propaganda attack on the United States would convince America of the serious consequences of its refusal to give Iran financial aid.

Ambassador Henderson suggests that when Mossadeq becomes absolutely convinced that there is no chance of getting financial aid from the United States and when he finds his government tottering he might well "in his anger and despair," make gestures toward the USSR.

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Comment: There is no evidence that any reputable American company has made a firm offer for Iranian oil. An increasing amount of criticism is being heaped upon Mossadeq, and his request appears to be part of the government's new campaign to frighten the United States into aiding Iran.

2. British suggest Iraq be invited to join Middle East Command: The British Foreign Office has suggested to the American Embassy in London that Iraq be invited to the preparatory conference on the Middle East Command if Egypt indicates a willingness to participate. The Foreign Office notes that Iraq is the only Arab state which has shown any real desire to join, and that it offers much in the way of strategic geographical position, defense facilities, and resources.

The British believe that inclusion of only Egypt and Iraq would avoid using the Arab League pact as a foundation and probably somewhat mollify Israeli feelings.

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25X1 The American Embassy comments that it would be difficult to explain to other Arab states why Iraq had been singled out for inclusion. [redacted]

Comment: The American Ambassador in Baghdad believes that Iraq is opposed to the participation of any non-Arab Mediterranean country in the proposed Middle East Command because none of them could make a substantial contribution to the build-up of the Arab armies. Such an attitude would complicate any preliminary talks in which Iraq might participate.

WESTERN EUROPE

3. Soviet paper charges Austrians prepare for illegal conscription: The official paper of the Soviet occupation forces in Austria reported on 23 April that "illegal draft boards" have been established in Salzburg, Graz, and other cities in the Western zones. The paper denounces the alleged preparation of personnel registers for the 1928-1932 class as a move toward the establishment of an Austrian "Wehrmacht." [redacted]

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Comment: This "conscription" charge will probably be added to the other allegations of Austrian remilitarization with which the Russians belabor the Austrian Government and the Allied Council.

In general, the effectiveness of Soviet propaganda in Austria has been partially destroyed by the exaggerated interpretations the Russians put on the information they obtain.

4. Norwegian Government's vacillation on bases admitted by Foreign Office: The head of the Foreign Office's political division has informally acknowledged to the American Ambassador that the Norwegian Government has vacillated considerably on both form and substance of an agreement concerning NATO bases in Norway. Norwegian leaders are seeking a compromise solution, but the illness of Foreign Minister Lange, the "decision-maker," has been a particular handicap. [redacted]

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Comment: When it joined NATO, and on several later occasions, Norway informed the USSR that it was unalterably opposed to foreign bases on Norwegian soil during peacetime. The government has therefore hesitated to modify this policy lest it irritate the Soviet Union.

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